



JOINT AUDIT COMMITTEE

DRAFT MINUTES

Date: 29 June 2017

Time: 10.30 hours

Location: Conference Room 2, Police Headquarters, Huntingdon

Members :

Nicola Scrivings	Chair
Mike Hindmarch	
James Morgan	
Simon Smith	

In Attendance:

Jason Ablewhite	Police & Crime Commissioner
Alec Wood	Chief Constable
Matthew Warren	Interim CFO for the OPCC
Niki Howard	Director of Finance & Resources - Constabulary
Neil Harris	Ernst Young
Suzanne Rowlett	RSM
Mark Greenhalgh	Chief Inspector, Corporate Development
Andy Lunn	Sergeant, Corporate Development
Uma Kemthong	Governance & Inspection Assistant, Corporate Development
Nancy Leversha	Strategic Accountant, OPCC

1.	Welcome and Apologies
	Nicola Scrivings welcomed everybody. Apologies were received from Daniel Harris RSM, Alan Baldwin Deputy Chief Constable, Dorothy Gregson Chief Executive OPCC, Gary Ward Member, and Natalie Benton Head of Corporate Development Department.
2.	Declarations of Interest

	There were no new declarations of interest.
3.	Approval of the minutes from the last meeting held on 30 March 2017
	<p>The minutes were agreed and signed by the Chair.</p> <p>Jason Ablewhite thanked Nicola Scrivings for being an exceptional Chair and the added value she has given to both the OPCC and the Constabulary, and that she would be welcomed back in the future.</p>
4.	Review of Action Log
	<p>NS stated there were a number of amendments and she would update them with NL at the end of the meeting.</p> <p>It was asked that the Action Log be sent out with the draft minutes in future.</p>
5.	Internal Audit Progress Report and Annual Report 16/17
	<p>Progress Report The Governance Audit has been finalised, along with two Cambs only reports and two BCH Collaboration reports. There is one outstanding BCH draft for 16/17 which is Collaborative Follow Up.</p> <p>The 17/18 fieldwork has commenced. There are no changes to the Cambs 17/18 plan, however the PSD Audit has been rescheduled from Q1 to the Autumn. The Committee asked why this had been moved and were informed it is due to an HMIC Inspection taking place in the Spring. The IA can focus on HMIC Areas for Improvement (AFI's) and this would then come to the December JAC if finalised.</p> <p>The ICT Review will focus on Cyber security and the scope is currently under discussion.</p> <p>Compliance with the “Delivering governance in Local Government Framework” – this resulted in substantive assurance with no recommendations. The committee commended the governance arrangements.</p> <p>Follow Up – reasonable action has been taken. Two of the recommendation relating to the IT audit have been restated and are shown as a completion date of October 2017. The committee were informed there is a new Director of Information post that has recently been recruited to, and are content this action will be deliverable by the timescales indicated.</p> <p>Covert Human Intelligence Source – the audit provides reasonable assurance and made four medium recommendations. The committee suggested that a quick follow up to ensure compliance around this area would be welcome. NH stated there is a new Manager in the unit who had requested the audit.</p>

	<p>The committee asked about the Policy Review procedure. They were informed that a new Policy Officer has been recruited to Corporate Development Department. This was an area that in the past the Constabulary had reduced resources but have now recognised that too many resources were removed and is now being rectified.</p> <p>The committee questioned whether the absence of policy development was on the risk register. This was confirmed. Once a schedule of risk based policy review with prioritisation has been drawn up this will be shared with the committee for information.</p> <p>Human Resources Post Impact Assessment – received reasonable assurance and two medium recommendations, one on budget monitoring and one on the ToR for the People Board.</p> <p>The Committee were informed that there were limitations around the work and there have been wider concerns over Collaboration. The Concerto work has an extensive action plan and the committee asked for a thorough briefing on Concert recommendation next steps, the impact on the risk profile, control measures in place, to come to the committee.</p> <p>JA stated it was Cambs that recognised the BCH Governance wasn't working effectively and couldn't provide reassurance to residents of Cambridgeshire which led to the external review undertaken by Concerto.</p> <p>The committee were further informed that the HR Business Case was developed at a time when we were anticipating further cuts of up to 20% in Policing budgets. Due to recent events the reductions didn't materialise and HR have increased their resources to manage the demand in Beds and Herts for additional recruitment.</p> <p>Collaboration Risk Management – received substantial assurance and one medium action around more visibility of BCH Risk. It was noted the BCH risk register is at Item 7.</p> <p>The Sector Briefing is included for information.</p> <p>Annual Report 16/17 – audit opinion for the Chief Constable and OPCC are both positive. Factors that have influenced the opinions are included on page 3, noting Governance, Risk Management and Control.</p> <p>Appendix B shows all the audits undertaken through 16/17, there is one Follow up report which is still in draft but RSM do not anticipate this will alter their opinion.</p> <p>The committee asked how the number of recommendations compares to last year. RSM stated this will be included in the benchmarking report brought to September's meeting.</p>
	<p>Resolved:</p>

	<p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Schedule of risk based prioritisation of policy review to be shared with JAC for information.</i></p> <p>(iii) <i>A thorough briefing on Concert recommendations, next steps and the impact on the risk profile, control measures in place to come to September JAC.</i></p>
6.	Internal Audit Recommendations Progress Updates
	<p>Non-Financial Recommendations – AMS tracks all audit and HMIC recommendations made. Medium and high recommendations are reported to JAC with progress updates.</p> <p>The committee queried why all actions have a September deadline, and were told this is to enable regular updates to come to JAC. The committee asked whether it was possible to track progress using a RAG status as it is difficult to track the progress currently. It was asked if this could be sent around prior to the next meeting so members can assess progress. It was also agreed that the committee do not wish to see closed actions, unless it has been completed since the last meeting.</p> <p>There were no financial recommendations.</p> <p>There were no OPCC recommendations.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the reports.</i></p> <p>(ii) <i>Progress of actions to be RAG rated in order to clarify progress – CDD and share with committee members prior to next meeting so they can assess progress.</i></p>
7.	Operational Risk Register & Collaboration Risk Management
	<p>Risk 289 – insufficient resources available in Procurement – there have been a number of agency staff but about to start a recruitment process.</p> <p>Risk 294 – inadequate condition of Parkside Custody – the Southern Hub Replacement Board includes the custody and there is good mitigation and good progress is being made.</p> <p>Risk 304 – BCH Vetting unit non-compliance with NPCC & COP Guidance – a lot of work has taken place in the Vetting unit alongside recruitment and training of staff. We are now compliant with the current guidelines but are aware that new guidelines are due to be released and it is hard to see how any force in the country will be compliant with the new guidelines. HMIC were impressed by the progress we have made and it is</p>

<p>possible this risk will be reduced.</p> <p>Risk 313 – potential monetary liability related to Allard and Ors – relates to claims by undercover officers. Negotiations are ongoing but there are ongoing delays due to the report that is due to be published 2019/20.</p> <p>Risk 314 – PST licences – this is factored into HR business and there are enough trained officers.</p> <p>Risk 315 – door security system – we are currently OK but at some point we will need to replace the system. The scope of the replacement is commencing and we are looking at various options including Cams only, BCH or Cams and Fire.</p> <p>Risk 319 – Athena operational implementation – delivery is on course for May 2018. Training has been modelled and is included in the budget.</p> <p>Risk 321 – resources demand not understood – we now have software that models demand and staff are being trained in its use and this has been used to support the Local Policing Review.</p> <p>Risk 322 – Athena lack of Management information – this risk has not gone away but we are more confident that information will be available. There are some aspects that won't be realised until all nine forces are working on the system.</p> <p>Risk 342 – risk of exploitation of position – we have undertaken a lot of work at Chief's Seminars on ethical behaviour and PDR's and had positive feedback from HMIC. This risk remains amber as remain vigilant and have a realistic view.</p> <p>Risk 352 – Airwave coverage – there are work arounds in place and ESCMP will mitigate this.</p> <p>Risk 353 – Major Incident Plans – these have been tested recently, there are always resource and plan concerns but this is a proportionate risk and is monitored.</p> <p>Risk 355 – loss of contractors due to IR35 – we lost a few contractors, most notably the ERP contractor, but not as bad had been anticipated.</p> <p>Risk 356 – 2017/18 budget will not balance without reserves – this is not an issue yet, but there is a likelihood that reserves will be needed to balance the 17/18 budget until benefits are realised from the Local Policing review. The Budget Damping reserve is in place for this reason. This impacts on reserves but not our ability to manage financially.</p> <p>AW stated that the Local Policing review will realise savings and bridge the gap. It will put us in a strong position for future years. JA also informed the committee that he has plans in place for future years and we are looking at potential income streams in relation</p>

	<p>to estates strategy.</p> <p>Following the Grenfell fire, the committee asked whether any of our Estates have cladding. NH stated she has just completed a nil return to the Home Office and confirmed that custody suites were included in this.</p> <p>Issues</p> <p>295 – BCH Collaboration savings not delivered – this has been reduced to Amber as we understand more of what savings will be delivered and the Local Policing review will deliver savings.</p> <p>326 – recorded crime data quality – there has been criticism in the media but to reassure the committee, we have been inspected by HMIC and were rated as ‘Requires Improvement’ in December 2016, this was better than most other forces. We have an action plan in place.</p> <p>328 – constabulary does not match best practice in crime investigations – AW informed the group that concerns lay around lower level crimes that are not investigated or supervised as effectively. Dip sampling is ongoing and in many cases the rationale is not articulated enough. The committee stated the mitigation of the issue did not match the ambition and suggested this be included. JA stated that we have the highest rates of victim satisfaction rates in the county.</p> <p>339 – resources for Freedom of Information requests are insufficient – Corporate Development Department have a triage process in place. The volume of the requests fluctuates but we have met all deadlines to date.</p> <p>341 – too many outstanding warrants – a lot of work is required to reduce outstanding warrants and this will be part of the LP review.</p> <p>NH informed the group that last time they saw the register there was a potential liability for HMRC regarding multiple working places. This has now been resolved with NH and AW taking firm action and writing to HMRC who have confirmed we do not owe any money. NH recorded her thanks to Laura Gunn and Chris Savage for their work.</p> <p>Collaboration Register</p> <p>The committee welcomed the report and noted this was the first time this had come to the committee. The committee asked if future submissions can have a cover report to highlight areas of concern for JAC attention.</p>
	<p>Resolved:</p>

	<p>(i) <i>The group noted the report.</i></p> <p>(ii) <i>Cover page to be added to Collaboration Risk register for future meetings to cover issues of concern for JAC attention.</i></p>
8.	Governance to ensure delivery of Police & Crime Plan
	<p>This report is to show direction of travel to the committee in relation to delivery of the Police and Crime Plan. The OPCC will continue to report progress to the committee. JA stated he was pleased with the direction of travel and the delivery plan for each element is fundamental for the OPCC and for the Police and Crime Panel and it helps identify risks.</p> <p>The committee asked how the Constabulary delivery plan links in and were informed this will come back in due course.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the report.</i></p>
9.	Draft Annual Governance Statements
	<p>NS reminded the committee their role is to receive and approve the statements.</p> <p>The committee stated unless it is mandated less governance control processes to be included, they also suggested there is less duplication between the statements and suggest using appendices rather than narrative.</p> <p>They noted the audit recommendations had flowed through into these documents.</p> <p>EY mentioned there was nothing in the statement about the new finance system and this should be added along with the programme governance for the implementation of the system.</p>
	<p>Resolved:</p> <p>(i) <i>The group noted the update.</i></p>
10.	Police and Fire Governance Business Case update
	<p>The report sets out the background and details the business case with time line. The committee asked what the likely consequences on governance are, is there more risk added to the Police and Crime Plan.</p> <p>JA stated his preference is for the governance only model which he sees as being complementary to the Police and Crime plan rather than additional risk. He further stated that by taking over the governance of fire this would enable him to expedite</p>

	<p>estates and Blue Light hubs and collaborative working would follow as a consequence. It makes both financial and operational sense.</p> <p>Benefits of a Police, Fire and Crime Commissioner would mean there is a full time single person to make decisions. Currently it is a bureaucratic archaic structure with slow decision making. This is the direction the Government are pursuing.</p> <p>The committee asked how they can assist. MW stated he and Dorothy Gregson are looking at the risk profile and plans are in place working backwards from April 2018. It is anticipated that a paper will come to September JAC with options around governance.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>Options around governance paper to come to September JAC.</i>
<p>11.</p>	<p>Integrity Controls Assurance</p>
	<p>This is an annual report that comes to the committee. It provides assurance framework that control processes are monitored and ensure highest level of integrity.</p> <p>The committee asked whether there had been an internal audit to provide independent assurance, it was agreed this would be considered.</p> <p>Point 5.5 refers to two complaints recorded against the PCC. The committee asked whether there were any recommendations made and if any action was taken as a result. The answers would close the feedback loop and provide reassurance to the committee.</p>
	<p>Resolved:</p> <ul style="list-style-type: none"> (i) <i>The group noted the report.</i> (ii) <i>Consider an internal audit of integrity controls processes.</i> (iii) <i>Clarify point 5.5 of the report regarding any recommendations and action taken.</i>
<p>12.</p>	<p>Exchequer Services Key Performance Indicators</p>
	<p>The implementation of the new finance system has had an impact on the metrics. As we were running on two systems for the last part of the year we had Debtors on one system and Creditors on the other, therefore the 106 days figure is not real.</p> <p>The top ten debtors show Beds and Herts PCC as numbers 1 and 2 which is collaboration money moving around.</p> <p>EY stated they can give a degree of assurance about the integrity of data and nothing</p>

	material was found.
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
13.	External Audit Fee Letters
	<p>Public Sector Audit Appointments (PSAA) have set scale fees, which is a proportionate fee same as previous years.</p> <p>September the final fees will include additional IT work for the new finance system.</p> <p>NH confirmed that audit testing had been brought forward and the timetable for accounts starts 17th July into early August.</p> <p>NH confirmed that PSAA have announced the lots and EY have been successful with a lot. As further information becomes available it will be shared.</p>
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
14.	Budget Update
	<p>The committee noted the BCH collaboration figures at Appendix 2 show anticipated benefits have halved. They asked whether Internal Audit could provide assurance in the budget process.</p> <p>They were informed that IA have undertaken several audits on savings. We always anticipated use of reserves for 17/18 and that savings included in our MTFP are very prudent. Many of the collaboration business cases were written at a time when policing was expecting more cuts and were ambitious. Due to recent events this did not happen and allowed Beds and Herts to recruit which increased pressure on HR.</p> <p>Our MTFP is not dependent on savings being realised from BCH we have other plans in place including the Local Policing review. We are satisfied that we understand the risk involved and at this stage it is difficult to be any clearer until we have news from Central Government over future funding.</p> <p>The Local Policing review was commissioned for efficiencies but also for a more effective operating model for policing.</p> <p>The draft MTFP should be available for September although finances go to the Police and Crime panel for approval, it will come to JAC for information.</p>

	<p>Resolved:</p> <p>(i) The group noted the report.</p> <p>(ii) Draft MTFP for September meeting for information.</p>
15.	JAC Annual Report
	The report was received with no comments.
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
16.	Treasury Management Strategy Statement 2017/18
	The report was received with no comments.
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
17.	Review of Forward Agenda Plan
	The agenda plan was received.
	<p>Resolved:</p> <p>(i) The group noted the report.</p>
18.	AOB
	<p>Fast Close Down – the report details the reasons for delay in the preparation of draft accounts for 31st May. The report further mentions what went well and what learning there has been for next year.</p> <p>Additionally, NH informed the group there has been a restructure of the Senior Management Team in Finance. The Deputy Director post has been removed. Interviews have been held for a new Head of Finance role and interviews for a Principle Financial Accountant are being held later. This will give some savings but increase accountancy knowledge in the department.</p> <p>Service Visit – MH and SS reported they had visited the Force Control Room, Roads Policing Unit and Huntingdon Police Station. They expressed their gratitude at the courtesy they had received and stated it gave them a great deal of insight. They offered to write a report on their visit.</p> <p>Nicola Scrivings as outgoing Chair of the committee passed on her thanks to the</p>

	Constabulary and OPCC for being open and transparent organisations and it has been a pleasure working together.
	Resolved: <i>(i) The group noted the fast close down report.</i> <i>(ii) MH and SS to provide a Service Visit Report.</i>
19.	Date of Next Meeting
	The next meeting will be held on Wednesday 27 September 2017 at 10.30am, Conference Room 3, Police Headquarters, Huntingdon. Members are invited to attend from 10am for a pre-meet.

Simon Smith